

Message Text

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ACTION OPIC-06

INFO OCT-01 EA-07 ISO-00 EB-07 AID-05 /026 W

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P 130621Z SEP 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 6685

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FOR OPIC

E.O. 11652: N/A

TAGS: EINV, ID

SUBJECT: OPIC ANNUAL "D" AWARD

REF: STATE 223678

1. REFTTEL INFORMED US THAT FREEPORT MINERALS INDONESIA BEING CONSIDERED FOR OPIC'S ANNUAL "D" AWARD FOR "ASSISTING IN DEVELOPMENT OF LOCAL ECONOMY" AND BEING "ON GOOD TERMS WITH HOST GOVERNMENT." WITH REGARD TO THESE CRITERIA OPIC SHOULD BE AWARE OF AUGUST 13, 1976 ISSUE OF "FAR EASTERN ECONOMIC REVIEW" WHICH, ON PAGE 22, STATES: QUOTE FREEPORT IS THE WORST CASE, PARTLY BECAUSE IT WAS ONE OF THE FIRST MINING COMPANIES TO ENTER INDONESIA AFTER THE FALL OF SUKARNO AND OPERATES UNDER A REMARKABLE CONCESSIONARY CONTRACT. THE 5,000 EMPLOYEES LIVE IN A GUARDED WESTERN-STYLE TOWNSHIP SUPPLIED ENTIRELY FROM OUTSIDE WEST IRIAN AND, IN SOME COMMODITIES, FROM OUTSIDE INDONESIA ITSELF. LOCAL TRIBESPEOPLE ARE REPORTEDLY IGNORED....END QUOTE.

2. IT IS OUR VIEW THAT FEER ARTICLE IS UNBALANCED, AND, IN ADDITION TO BEING A REMARKABLE ENGINEERING FEAT, FREEPORT INDONESIA HAS WORKED HARD, AND WITH SOME SUCCESS, AT BEING A CORPORATE GOOD CITIZEN. IT HAS INVOLVED ITSELF IN A NUMBER OF DEVELOPMENT EFFORTS IN WEST IRIAN, GOING SO FAR AS DESIGNING AND RECRUITING FOR A SELF-HELP PROGRAM TO BUILD UP SMALL INDIGENOUS BUSINESSES WHICH FREEPORT

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CAN SUPPORT AS A CUSTOMER. RELATIONS WITH TRIBESPEOPLE IN

AREA OF OPERATION ARE IMPROVING AFTER FIRM BROUGHT IN
COMMUNITY RELATIONS SPECIALIST WITH EXPERIENCE IN SOCIAL
PROJECTS IN LDCS AND SOME LANGUAGE CAPABILITY. MOST
RECENTLY FREEPORT HAS SMOOTHLY ARRANGED THE PURCHASE OF
8.5 PERCENT OF ITS EQUITY BY THE INDONESIAN GOVERNMENT.

3. INDONESIA IS IN MANY WAYS A DIFFICULT ENVIRONMENT IN
WHICH TO DO BUSINESS; FREEPORT IN OUR VIEW HAS DONE WELL,
AND IS DESERVING OF SOME RECOGNITION.
NEWSOM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 13 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976JAKART11956
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760344-0488
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760968/aaaacfrj.tel
Line Count: 71
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 223678
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAY 2004 by ElyME>; APPROVED <19 OCT 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPIC ANNUAL "D" AWARD
TAGS: EINV, AWRD, ID, OPIC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006